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November 27, 2006

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Housing Application Workshop

11/30/06

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PROGRAMS & REGULATIONS

PROGRAMS

- ◆ **SFH – 502 DIRECT LOAN**
- ◆ **SFH – GUARANTEED RURAL HOUSING**
- ◆ **SFH – 504 LOAN / GRANT**
- ◆ **SFH – 523 MUTUAL SELF HELP GRANT**
- ◆ **SFH – 523/524 SITE LOANS**
- ◆ **MFH – DIRECT LOANS**
 - **515 NEW CONSTRUCTION**
 - **515 REPAIR/REHAB**
 - **515 EQUITY**
- ◆ **MFH – 538 GUARANTEED RURAL RENTAL HOUSING**
- ◆ **MFH – 514/516 FARM LABOR HOUSING LOANS AND GRANTS**
- ◆ **MFH – 521 RENTAL ASSISTANCE**
- ◆ **MFH – VOUCHER PROGRAM**
- ◆ **MFH – PRESERVATION DEMONSTRATION**
- ◆ **BOTH – 509 HOUSING APPLICATION PACKAGING GRANT**
- ◆ **BOTH – 533 HOUSING PRESERVATION GRANT**
- ◆ **BOTH – 525 HOUSING TECHNICAL & SUPERVISORY MANAGEMENT GRANT**

REGULATIONS

- ◆ **SFH 502 – 3550 HANDBOOK I**
- ◆ **SFH GRH – 1980-D**
- ◆ **SFH 504 – 3550 HANDBOOK I**
- ◆ **SFH 523 – 1944-I**
- ◆ **SFH 523/524 – 444.8**
- ◆ **MFH – 515 – 3560 HANDBOOKS I, II, & III**
- ◆ **MFH 538 – 3565**
- ◆ **MFH 521 – 3560 HANDBOOKS I, II & III**
- ◆ **BOTH 509 – 1944-B**
- ◆ **BOTH 533 – 1944-N**
- ◆ **BOTH 525 – 1944-K**

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SFH GUARANTEED MORTGAGE LOANS

● APPLICATION PROCESS

- 1. BORROWER APPLIES WITH LOCAL LENDERS.**
- 2. LENDER PROCESSES, UNDERWRITES AND APPROVES LOAN.**
- 3. LENDER SUBMITS TO RURAL DEVELOPMENT FOR APPROVAL.**
- 4. LENDER CLOSES AND SERVICES THE LOAN.**
- 5. LENDER REPORTS MONTHLY TO RD SERVICE CENTER.**

● PROGRAM HIGHLIGHTS

- GUARANTEE 90% OF LOAN.**
- FINANCE 102% OF FMV.**
- RATIOS 29/41.**
- INCOME LIMITS BASED ON COUNTY AND FAMILY SIZE FOR LOW AND MODERATE.**
- 2% GUARANTEE FEE.**
- NO PRE-PMT PENALTY.**
- 30 YRS TERM AND AMORTIZATION.**
- FICO SCORE >660**
- LAND VALUE < 30%**
- IMPOUNDS REQUIRED.**
- NO MAXIMUM LOAN AMOUNT.**
- NO MORTGAGE INSURANCE.**



SFH DIRECT LOANS - 502

● APPLICATION PROCESS

- **BORROWER APPLIES AT LOCAL RD OFFICE.**
- **RD PROCESSES, APPROVES, CLOSES AND SERVICES THE LOAN.**

● LEVERAGED LOANS

- ◆ **BORROWER APPLIES WITH LENDER**
- ◆ **LENDER APPROVES THEIR LOAN, PACKAGES RD LOAN AND SUBMITS.**

● PROGRAM HIGHLIGHTS

- **LOW & VERY LOW INCOME CATEGORIES, BY COUNTY AND FAMILY SIZE.**
- **TO 1% INTEREST RATE, WITH SUBSIDY RECAPTURE.**
- **MAXIMUM LOAN AMOUNT SET BY COUNTY <HUD 203(b) LIMIT.**
- **100% OF FMV + APPRAISAL, IMPOUNDS, TAX SERVICE FEE.**
- **NO MORTGAGE INSURANCE**
- **29/41 RATIOS FOR VERY LOW AND 33/41 FOR LOW INCOME CATEGORIES.**
- **UP TO 38 YEAR TERM.**
- **FICO SCORES >660**
- **IMPOUNDS REQUIRED.**
- **PRE-PAYMENT REQUIRES SUBSIDY RECAPTURE.**



SFH 504 - HOME IMPROVEMENTS & REPAIRS

LOANS AND GRANTS

504 LOANS

- **MAXIMUM LOAN AMOUNT \$20,000**
- **MAXIMUM TERM IS 20 YEARS.**
- **MINIMUM INTEREST RATE 1%**
- **LOAN PURPOSE MUST BE TO REPAIR, I.E. ROOF, FURNACE, WINDOWS, PLUMBING, ETC.**
- **BORROWER APPLIES DIRECTLY TO THEIR LOCAL RD OFFICE.**
- **CAN BE MADE IN CONJUNCTION WITH OTHER FUNDING SOURCES**
- **VERY LOW INCOME CATEGORY ONLY.**
- **100% LTV W/APPR. OVER \$15M.**

504 GRANTS

- **MAXIMUM GRANT IS \$7,500**
- **MINIMUM AGE IS 62**
- **GRANT PURPOSE MUST BE TO REMOVE HEALTH & SAFETY HAZARDS**
- **BORROWER APPLIES DIRECTLY TO THEIR LOCAL RD OFFICE.**
- **VERY LOW INCOME CATEGORY.**



SFH 523

MUTUAL SELF-HELP PROGRAM

COMPONANTS

- ***Pre-Development Grant of \$10,000***
- ***TA Grant = 15% of Area Loan Limit x number of proposed units.***
 - ◆ ***Pays Grantee's Operational Costs***
- ***Site Development Loans***
 - ◆ ***2 Years, 4%, Deferred Interest, all Infrastructure***
- ***502 Construction to Perm Loans***
 - ◆ ***Deferred Construction Interest***



How Does The 523 Program Create Affordability?

- **TDC = \$145,000**
- **523 LABOR = \$42,000**
(65% of labor costs)
- **BALANCE DUE = \$98,000**
- **CLOSING COSTS = \$2,000**
- **AMOUNT TO FINANCE = \$100,000**
- **LOAN @ 1%, 33 YRS (\$200 TI)**
= \$496.00 PITI
- **CONV. LOAN @ MARKET (5% Down \$7,250 = 2.5% CC \$2,900**
TOTAL CASH TO CLOSE \$10,150)
 - ◆ **95% LTV \$137,750 @ 6.25% 30 YR. (\$200 TI) = \$897 PITI + MI**
OF \$34.44 FOR TOTAL PAYMENT OF \$931
- **INCOME NEEDED TO SUPPORT CONV. LOAN = \$36,455**
- **INCOME NEEDED TO SUPPORT RHS LOAN = \$18,479**



RCAC'S ROLE

- **525 Technical & Supervisory Assistance Grantee – National**
- **Role is to over see the grantee's activities to include:**
 - ◆ *Assist in providing resources for training grantee's staff.*
 - ◆ *Train grantee staff on Shares.*
 - ◆ *Review grant applications for completeness and compliance to 1944-I.*
 - ◆ *Mediate for dispute resolutions.*
 - ◆ *Conduct quarterly site visits.*
 - ◆ *Conduct quarterly meetings with all parties.*
 - ◆ *Direct grantees in required/regulatory requirements.*
 - ◆ *Provide further support as requested or needed.*
 - ◆ *Provide grantee board training.*
 - ◆ *Conduct financial and management reviews.*
- **MT representative is Nancy Jacobsen**
 - ◆ *614 Ferguson Ave., Suite 4C, Bozeman, MT 59718*
 - ◆ *njacobsen @ rcac.org*
 - ◆ *406-582-1868 Office, 406-579-5202 Cell, 406-582-1869 Fax.*



MFH 515 – NEW CONSTRUCTION OR REPAIR/REHAB DIRECT LOANS

- **APPLICATION PROCESS**
- **NOFA @**
www.rurdev.usda.gov
- **Application is scored at State Office**
- **National Office Selects**
- **Notification for Continued Processing.**

- **HIGHLIGHTS**
- **\$1M MAXIMUM LOAN**
- **30 YEAR TERM 50 YR AMORTIZATION**
- **INTEREST CREDIT TO 1%**
- **RENTAL ASSISTANCE**
- **NO PREPAYMENT ALLOWED**



MFH 538 – GUARANTEED RURAL RENTAL HOUSING

- **NOFA – BUT ACCEPTING APPLICATIONS ALL YEAR**
- **APPLICATION DIRECTLY TO LENDER – HUD, FANNIE MAE OR FREDDIE MAC APPROVED**
- **INDIVIDUALS, NON OR FOR PROFITS, STATE, OR LOCAL AGENCIES, TRUSTS, TRIBES**
- **LENDERS SUBMIT TO RD STATE OFFICE**
- **STATE OFFICE SUBMITS TO NATIONAL OFFICE**
- **\$2500 APPLICATION FEE**
- **1/2% ANNUAL SERVICING FEE**
- **HIGHLIGHTS**
- **LENDER RATES – 10 TB+250BP**
- **40 YEAR TERM/ AMORTIZATION**
- **90% GUARANTEE TO LENDER**
- **INTEREST CREDIT**
- **NO MAXIMUM LOAN AMOUNT**
- **LTV 90% FOR PROFIT 97% NON-PROFIT**
- **TENANT < 115% AMI**
- **RENT <30% OF 115% OF AMI**
- **AVG. RENT <30% OF 100% AMI**

RURAL DEVELOPMENT

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525 – 533 – 514/516

- ***NOFA PUBLISHED***
- ***SUBMIT DIRECTLY TO STATE OFFICE***